Chairman Julius Genachowski
Commissioner Robert McDowell
Commissioner Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai

Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: GN Docket No. 12-353

January 25, 2013

Dear Chairman Genachowski and Commissioners McDowell, Clyburn, Rosenworcel and Pai:

On behalf of the Internet Innovation Alliance (IIA), we appreciate the opportunity to offer comments on the Federal Communication Commissionôs (FCC) Notice of Proposed Rulemaking (NPRM) focusing on the November 7, 2012 petition by AT&T. In summary, IIA believes an acceleration of the transition to an all-IP network is in the public interest and can be achieved by authorizing trials of the rapid movement of as many people as possible from TDM to IP networks in selected wire centers and through consolidation into a single proceeding of elements from multiple FCC open dockets[1].

Comprehensive reform of monopoly-era regulations that inhibit the IP transition is essential ï one of the two most impactful ways the Commission could advance broadband investment, availability and consumption. (The other high-impact opportunity is making significantly more spectrum available for commercial broadband services. Such spectrum could come either from government transition of spectrum it currently occupies, which requires coordination across the Executive Branch, or from accelerated approval of secondary market transactions in the private sector.)

I. The Shift to All-IP Networks Is Transforming The Telecom Marketplace and Creating Extraordinary Consumer Opportunities.

[1] Letter from Thomas Jones, Counsel to Cbeyond, Inc., Earthlink Inc., Integra, Inc., and tw telecom, inc., to Marlene H. Dortch, FCC, WC Docket Nos. 10-90 et al. Filed December 4, 2012. http://apps.fcc.gov/ecfs/document/view?id=7022073195

Few aspects of our society are transforming as rapidly and completely as our telecom infrastructure and marketplace. While automobiles have added significantly more electronics than their predecessors and recently improved their fuel efficiency, cars today are still strikingly similar to the cars of 1983. They perform the same core function at the same speed for the same purpose, driving over the same highways and with basically unchanged operator controls. Likewise, air transportation has evolved over the past 30 years, but in a recognizable and fundamentally-modest fashion: planes still take you from one city to another via hub-and-spoke networks in roughly the same amount of time.

By contrast, the telecommunications systems and markets of 1983 are practically unrecognizable today. Thirty years ago, there was one telephone company in each community delivering voice service over circuit-switched networks. No cell phones, no smartphones, no texting, no apps. Telephone service was important, but hardly the essential engine driving global productivity, employment or new business formation. Through an elaborate structure of regulations and cross-subsidies, policy makers ensured this single, slow-moving monopoly accomplished desired social outcomes, such as universal service of voice calling and affordable pricing for residential consumers.

Simply put, the world of "plain old telephone service" is long-gone. In its place today's telecom consumers enjoy incredible innovation and furious cross-platform competition. For example, one out of three American homes no longer pays for a wired phone[2], having cut-the-cord with the former incumbent telephone company in favor of cable, wireless or other alternatives. Nine out of 10 wireless consumers have the choice of five or more providers[3], and there are now more Internet-connected devices than people in the U.S.[4]. We see fierce competition for broadband-delivered video from multiple providers over multiple platforms. Beyond mobile carriers, robust voice-video-and-data "triple play" packages are offered by cable companies, satellite companies, new telecom companies and over-building broadband companies.

This "Cambrian Explosion" of new services and possibilities was enabled by profound innovation in communications technology. Specifically, new robust Internet Protocol (or "IP") networks allowed for two-way transmission of data-based information previously impossible. As circuit-switched TDM telephone networks evolved into capacious, IP-enabled platforms, the services available likewise proliferated, in the process fundamentally transforming the way people across the globe send and receive information and creating an opportunity for electronic commerce that has revolutionized

[2] Blumberg, Stephen and Julian Luke. "Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, January– June 2012," Centers for Disease Control and Prevention, December 2012. http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201212.pdf

[3] Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, including Commercial Mobile Services, WT Docket No. 10-133, *Fifteenth Report*, 26 FCC Rcd 9664, 9669 (2011).

[4] Molina, Brett. "Survey: U.S. Web-connected devices outnumber people," *USA Today*, January 3, 2013. http://www.usatoday.com/story/technologylive/2013/01/03/internet-connected-devices-usa/1806565/

the economy. The benefits for both consumers and the global economy are already enormous, and they have only just begun.

Medical patients today receive real-time health information, communicate live with distantly-located care providers, benefit from electronic medical records and connect to monitoring devices that give them new freedom and security. Students of all ages are now free to learn at their own pace, regardless of where they live, where they go to school or when they want to learn. The shift from 2G to 3G wireless services alone created nearly 1.6 million jobs across the U.S. between April 2007 and June 2011[5], according to a study by NDN. TechAmerica Foundation says the U.S. high-tech industry employed nearly six million people as of June 2012[6], and Economist Michael Mandel concluded that more than 500,000 Americans work in an ñApp economyò[7] that did not exist in 1983, nor even 2003. Broadband services delivered over IP networks help rural areas overcome challenges of distance and help low-income Americans save money, learn new skills and exploit new economic opportunities. OECD analysis has found that each 10 percent increase in broadband penetration yields a 0.25 percent increase in GDP growth[8].

Technologically, our future is very bright. And nearly all observers agree that IP networks are the key to realizing this positive future. Indeed, the FCCôs Technical Advisory Council recommended that the FCC sunset the public-switched telephone network precisely to accelerate and enable this shift towards all-IP networks. The question before the Commission is how best to enable this trend, either by adding incentives or removing barriers.

II. <u>While Consumers and Competitors Are Moving Full-Speed toward All-IP Services, Legacy Regulations Inhibit Investment & Transition.</u>

While the era of the telecom monopoly is long over, monopoly-era regulations persist. In some ways this is predictable, since markets move faster than government, and entrepreneurs innovate more rapidly than policy makers. By way of example, one of the most counter-productive, monopoly-era regulations still on-the-books is the requirement for legacy carriers to continue maintaining redundant legacy copper (non-IP) networks even when they are no longer needed for the carrier to serve its customers. While these rules made sense at the dawn of the Internet era when little, if any, competition existed, voice remained the essential product and telephone networks had been built via government-guaranteed-rate-of-return exclusivity, they have long been overtaken by events. For example, in many regions incumbent telephone

[5] Rosenberg, Simon. ñNDN/NPI Releases New Paper: The Employment Effects of Advances in Internet and Wireless Technology,òJanuary 18, 2012. http://ndn.org/blog/2012/01/ndnnpi-releases-new-paper-employment-effects-advances-internet-and-wireless-technology

[6] Kazmierczak, Matthew. ñTech Industry Adds Nearly 100,000 Jobs in 1st Half of 2012,òTech America Foundation, October 2012. http://www.techamericafoundation.org/content/wp-content/uploads/2012/10/CS_Midyear_Employment_2012.pdf

[7] Mandel, Michael and Judith Scherer. ñThe Geography of the App Economy,òCTIA, September 20, 2012. http://southmountaineconomics.files.wordpress.com/2012/11/the_geography_of_the_app_economy-f.pdf

[8] ñThe Impact of Broadband on the Economy: Research to Date and Policy Issues,òITU, April 2012. http://www.itu.int/ITU-D/treg/broadband/ITU-BB-Reports_Impact-of-Broadband-on-the-Economy.pdf

companies have retained less than 30 percent of the customers[9], yet they are still required to cover 100 percent with their pre-IP, voice-grade networks. Voice is today just another application delivered over multiple IP platforms.

To their credit, policy makers over the past decade understood that ñnew wiresò demanded ñnew rules.ò As a result, today the more advanced broadband infrastructure faces fewer regulatory barriers and obligations and enjoys far greater levels of investment. Yet legacy regulations persist, with change coming piecemeal and inconsistently. Some important progress has been made. For example, the Commission has now begun the effort to shift universal service support from exclusively voice networks to broadband alternatives. But the Commissionôs process is diffuse and begs for greater focus. Multiple proceedings currently before the Commission address various pieces of this IP transition and its implications.

III. The Commission Has the Authority to Facilitate the Trials Proposed by AT&T and Can Hasten Our Broadband Future by Consolidating the Various Proceedings that Touch upon the IP Transition.

Faced with the plethora of proceedings and extensive series of legacy obligations, incumbent network operators can either continue maintaining redundant networks, siphoning investment away from IP networks, or work with policy makers at the Commission and in Congress to modernize telecom regulations to better fit with actual market realities and technological trends.

The Internet Innovation Alliance believes the submission by (IIA Member) AT&T offers an excellent opportunity to consider and address the challenge of regulatory modernization. We believe the Commissionôs long-term goals should be (1) accelerating the IP transition by removing regulatory barriers that no longer make sense, (2) encouraging investment in advanced infrastructure and broader deployment of IP to all Americans, and (3) ensuring no consumers are ñleft behind,ò losing access at least as good as they already have. The AT&T petition suggests an appropriate and measured first step toward the eventual goals. We believe the Commission has the authority to facilitate the trials proposed by AT&T in its petition, and such trials seem like a reasonable method for assessing a path for achieving the Technical Advisory Councilôs objective for an all-IP network. Finally, IIA concurs with those who suggest a single, consolidated proceeding is far preferable to multiple proceedings, each touching on individual elements of the ñIP transition.ò

As noted by both the Chairman and Commissioners McDowell & Pai, shifting from TDM to IP networks is already proving an incredible boon for consumers and for the American economy. AT&T has proposed to the Commission a thoughtful plan to accelerate the transition by establishing demonstration project trials in selected communities, much like the closely-observed Wilmington, North Carolina market trial in advance of the nationwide, digital TV broadcasting switchover in June 2009. Beta trials

[9] Petition of USTelecom for Declaratory Ruling that Incumbent Local Exchange Carriers Are Non-Dominant in the Provision of Switched Access Services, WC Docket No. 12-, December 19, 2012. http://www.ustelecom.org/sites/default/files/documents/USTelecom-Non-Dom%20Petition-FINAL.pdf

are the norm in industry when it comes to the initial roll-out of products and services. They enable market participants to test and better understand consumer acceptance and reactions, leading to more robust future offerings. And the knowledge gained from TDM-to-IP trials will enable the Commission in future years to proceed with confidence in a nationwide sunset of the TDM network in favor of an all-IP national network. Geographically-diverse-but-limited trials will give policy makers a real-time look at the impact of copper retirement and deployment of new IP infrastructure in a controlled setting. We can only benefit from such a look-before-we-leap. The establishment of pilot projects would enable major strides in our understanding and planning. The process should begin this year with approval of the AT&T plan.

Once again, IIA appreciates the Commission opening this important proceeding. We have a real opportunity to move beyond legacy regulations that no longer benefit consumers and embrace market realities that encourage investment, consistent with President Obamaôs regulatory efficiency instructions to federal agencies in June 2011. The trials proposed by AT&T are a prudent first step. And looking to combine the IP transition elements of the various FCC proceedings into a single, logical framework would enable all interested parties to have a clear understanding of, and better ability to participate in, the FCCôs proceeding. IIA looks forward to continue working with the Commission and interested stakeholders on these important questions.

Sincerely,

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Former Congressman (D-VA) and Honorary Chairman, Internet Innovation Alliance

Bruce Mehlman
Co-Chairmen, Internet Innovation Alliance

Jamal Simmons